

**EXHIBIT 1 (b)**

2. A New York Employee who has attained his Normal Retirement Date may elect to retire and have his Retirement Income commence as of his Normal Retirement Date. However, a New York Employee may defer actual receipt of his Retirement Income and remain in service after his Normal Retirement Date.
3. A New York Employee who has attained his Early Retirement Date may elect to retire and have his Retirement Income commence on the first day of any month up to and including his Normal Retirement Date.
4. The Retirement Income of a Terminated New York Employee shall be payable as of his Normal Retirement Date, except as provided in Section (I)(E)(6) of this Schedule B.

**D. Determination of Eligibility, Vesting and Accredited Service**

1. Subject to Article II of the Plan, an Acquired New York Employee's Eligibility Years of Service under this Plan shall include his Eligible Service as defined and accrued under the O&R Plan prior to the Closing Date.
2. An Acquired New York Employee's Accredited Service under this Plan shall include his Credited Service as defined and accrued under the O&R Plan prior to the Closing Date.
3. Vesting Years of Service shall include an Acquired New York Employee's service credited for such purpose under the terms of the O&R Plan prior to the Closing Date.

**E. Retirement Income**

**1. Benefit at Normal Retirement Date.**

- (a) Subject to the limitations in Article VI, the monthly Retirement Income payable as a single life annuity to a New York Employee included in the Plan who retires at his Normal Retirement Date, but prior to January 1, 2001, shall be equal to the sum of:
  - (i) the Allowance payable to such New York Employee as defined and accrued under the O&R Plan as of the Closing Date; and
  - (ii) one-twelfth (1/12) of two percent (2%) of the New York Employee's Earnings received during each year of Accredited Service under the Plan for periods beginning on and after the Closing Date. For purposes of this subsection (E)(1)(a)(ii) only, immediately prior to a New York Employee's separation from the service of an Employing Company, such New York Employee shall be credited with two additional years of Accredited Service, with

Earnings credited during each of these two additional years of Accredited Service equal to his Annual Rate of Earnings at the time he separates from service.

The New York Employee will not receive this additional two-year benefit under subsection (i) above because such New York Employee will only receive the additional two-year benefit under this subsection (ii).

- (b) Subject to the limitations in Article VI, the monthly Retirement Income payable as a single life annuity to a New York Employee included in the Plan who retires at his Normal Retirement Date on or after January 1, 2001, shall be equal to the greater of:

(i) the sum of:

- (A) the Allowance payable to such New York Employee as defined and accrued under the O&R Plan as of the Closing Date; and
- (B) one-twelfth (1/12) of two percent (2%) of the New York Employee's Earnings received during each year of Accredited Service under the Plan for periods beginning on and after the Closing Date. For purposes of this subsection (E)(1)(b)(i)(B) only, immediately prior to a New York Employee's separation from the service of an Employing Company, such New York Employee shall be credited with two additional years of Accredited Service, with Earnings credited during each of these two additional years of Accredited Service equal to his Annual Rate of Earnings at the time he separates from service.

The New York Employee will not receive this additional two-year benefit under subsection (A) above because such New York Employee will only receive the additional two-year benefit under this subsection (B); or

(ii) the sum of:

- (A) if an Acquired New York Employee, one-twelfth (1/12) of one and one-half percent (1.5%) of the New York Employee's Annual Rate of Earnings (as defined in Section (I)(A)(4)) as of June 1, 1996 (calculated based on information provided by Orange and Rockland Utilities, Inc.) multiplied by the number of years of his Accredited Service on December 31, 1995 (calculated based on information provided by Orange and Rockland Utilities, Inc.), but not less than the benefit accrued up to December

31, 1995 under the provisions of the Plan in effect immediately prior to that date; and

- (B) one-twelfth (1/12) of two percent (2%) of the New York Employee's Earnings received during each year of Accredited Service for periods beginning after December 31, 1995. For purposes of this subsection (I)(E)(1)(b)(ii)(B) only, immediately prior to a New York Employee's separation from service of an Employing Company, such New York Employee shall be credited with two additional years of Accredited Service equal to the Annual Rate of Earnings at the time he separates for service.

2. Benefit at Early Retirement Date. The monthly Retirement Income payable to a New York Employee who retires on his Early Retirement Date prior to January 1, 2001, shall be calculated in the same manner as the Retirement Income described in Section (I)(E)(1)(a) of this Schedule B, determined as of the date his service is terminated and reduced in accordance with Section (I)(E)(6) herein. The monthly Retirement Income payable to a New York Employee who retires on his Early Retirement Date on or after January 1, 2001, shall be calculated in the same manner as the Retirement Income described in Section (I)(E)(1)(b) of this Schedule B, determined as of the date his service is terminated and reduced in accordance with Section (I)(E)(6) herein.
3. Benefit for Terminated New York Employee. The monthly Retirement Income payable to a Terminated New York Employee who terminates employment prior to January 1, 2001, shall be calculated in the same manner as the Retirement Income described in Section (I)(E)(1)(a) of this Schedule B, determined as of the date his service is terminated. The monthly Retirement Income payable to a Terminated New York Employee who terminates employment on or after January 1, 2001, shall be calculated in the same manner as the Retirement Income described in Section (I)(E)(1)(b) of this Schedule B, determined as of the date his service is terminated. The monthly Retirement Income payable to a Terminated New York Employee hereunder shall commence at the Terminated New York Employee's Normal Retirement Date unless such Terminated New York Employee elects to receive his Retirement Income prior to such date in accordance with Section (I)(E)(6) herein.
4. Benefit at Deferred Retirement Date. If a New York Employee continues in active service as provided in the Plan after his Normal Retirement Date, the monthly Retirement Income payable on his Deferred Retirement Date if such Deferred Retirement Date occurs prior to January 1, 2001, shall be equal to the greater of:
  - (1) a retirement benefit calculated in the same manner as the Retirement Income payable as described in Section (I)(E)(1)(a) of this Schedule B utilizing his Accredited Service and Earnings on his Deferred Retirement Date; or

- (2) the Retirement Income payable on his Normal Retirement Date as described in Section (I)(E)(1)(a) of this Schedule B, subject to any adjustment required by applicable law.

If a New York Employee continues in active service as provided in the Plan after his Normal Retirement Date, the monthly Retirement Income payable on his Deferred Retirement Date if such Deferred Retirement Date occurs on or after January 1, 2001 shall be equal to the greater of:

- (1) a retirement benefit calculated in the same manner as the Retirement Income payable as described in Section (I)(E)(1)(b) of this Schedule B utilizing his Accredited Service and Earnings on his Deferred Retirement Date; or
- (2) the Retirement Income payable on his Normal Retirement Date as described in Section (I)(E)(1)(b) of this Schedule B, subject to any adjustment required by applicable law.

5. Temporary Supplement. In addition to the other benefits described herein, a New York Employee who retires from service after his Early Retirement Date, but prior to January 1, 2001, and whose Retirement Income commences after his sixtieth (60<sup>th</sup>) birthday and before his sixty-second (62<sup>nd</sup>) birthday shall receive a supplemental payment of six hundred dollars (\$600.00) for each month beginning on the date his Retirement Income commences. If a New York Employee retires from service after his Early Retirement Date, but on or after January 1, 2001, and his Retirement Income commences after his fifty-eighth (58<sup>th</sup>) birthday and before his sixty-second (62<sup>nd</sup>) birthday, he shall receive a supplemental payment of six hundred dollars (\$600.00) for each month beginning on the date his Retirement Income commences. All supplemental payments paid hereunder shall cease after payment is made for the month which includes such New York Employee's sixty-second (62<sup>nd</sup>) birthday or the month during which the New York Employee dies, whichever is earlier. This supplemental payment shall not be paid as an optional form of payment under the Plan and shall not be payable to any Provisional Payee. Notwithstanding the foregoing, in any event, the supplemental payment shall not be paid under this Plan to the extent that a supplemental payment is payable under the O&R Plan; provided, however, that the supplemental payment shall be made in accordance with this Section from the month the New York Employee's Retirement Income commences following his fifty-eighth (58<sup>th</sup>) birthday until his sixtieth (60<sup>th</sup>) birthday even if Employee is eligible to receive supplemental payments under the O&R Plan commencing on his sixtieth (60<sup>th</sup>) birthday, provided the supplemental payments under this Plan shall cease when the New York Employee begins receiving supplemental payments under the O&R Plan.

6. Early Commencement of Benefit. A New York Employee who has reached his Early Retirement Date may elect to receive his Retirement Income as determined under Section (I)(E)(1)(a) or (b), as applicable, of this Schedule B, reduced by one-third of one-percent (.333%) for each complete calendar month by which the commencement date precedes the first day of the month following the New York Employee's sixtieth (60<sup>th</sup>) birthday. No reduction of a New York Employee's Retirement Income shall be made, however, if the sum of such New York

Employee's number of Eligibility Years of Service and his age as of his Early Retirement Date equals or exceeds eighty-five (85).

A Terminated New York Employee who has completed at least ten (10) years of Accredited Service but who has not attained age fifty-five (55) may elect to receive his Retirement Income as determined under Section (I)(E)(3) of this Schedule B commencing on the first day of any calendar month following the date he attains age fifty-five (55), up to and including his Normal Retirement Date, reduced by one-half of one-percent (.5%) for each complete calendar month by which the commencement date precedes the first day of the month following the New York Employee's sixty-fifth (65<sup>th</sup>) birthday. Notwithstanding Section (I)(D)(3) of this Schedule B, the Terminated New York Employee's Credited Service (as such service is defined and accrued under the O&R Plan) for periods prior to April 8, 1999, and Eligible Service (as such service is defined and accrued under the O&R Plan) for periods on and after April 8, 1999 and prior to the Closing Date, shall be treated as Accredited Service for this purpose.

7. Offset for New York Employees. Notwithstanding anything to the contrary herein, prior to adjustment for forms of payment, a New York Employee's or former New York Employee's Retirement Income will be reduced as set forth in Addendum 2 to this Schedule B.

**F. Disability Benefit**

1. In lieu of Disability Leave under Section 4.2 of the Plan or retirement under any other provision of the Plan, a New York Employee who is Totally and Permanently Disabled while in active service who has not reached his Normal Retirement Date but who has completed at least 10 years of Accredited Service may apply in writing to the Retirement Board within six months following the later of such New York Employee's Disability Termination Date or December 18, 2000, to be retired on a Disability Retirement Income as of his Disability Retirement Date in accordance with this Section (I)(F).
2. A New York Employee shall not be deemed to be on Disability Leave under Section 4.2 of the Plan during any period such Employee is receiving Disability Retirement Income in accordance with this Section (I)(F) of this Schedule B. In the event a New York Employee satisfies the requirements for Disability Leave prior to his Disability Retirement Date, such New York Employee will only be deemed to be on Disability Leave between his initial date of disability and his Disability Retirement Date for purposes of computing both his Disability Retirement Income under Section (I)(A)(9) and his Retirement Income under Section (I)(E). In the event a New York Employee satisfies the requirements for Disability Leave on or after his Disability Retirement Date, such New York Employee will only be deemed to be on Disability Leave (1) for the period between his initial date of disability and his Disability Retirement Date, and (2) for any period after an election pursuant to Section (I)(F)(4)(c) herein, for purposes of computing only his Retirement Income in accordance with section (I)(E) herein. "Disability Leave" shall have the same meaning set forth in Section 4.2 of the Plan except that the beginning and ending dates for the Disability Leave of a New York Employee who elects Disability Retirement Income in accordance with this Section



(I)(F) are set forth in this Section (I)(F), and Disability Leave shall only constitute a period during which a New York Employee earns Accredited Service, and shall not constitute a traditional leave of absence.

3. The Disability Retirement Income shall be payable as of the New York Employee's Disability Retirement Date and thereafter subject to continuance of his disability as provided in Section (I)(F)(4) of this Schedule B. A New York Employee who receives Disability Retirement Income in accordance with this Section (I)(F) shall not earn Accredited Service following his Disability Retirement Date unless such New York Employee stops receiving Disability Retirement Income and either becomes reemployed by an Employing Company or elects to commence Disability Leave pursuant to Section (I)(F)(4)(c) below.

4. Continuance of Disability.

- (a) Once each year, the Retirement Board may require any New York Employee receiving a Disability Retirement Income who has not reached his Normal Retirement Date to undergo a medical examination by a physician or physicians designated by the Retirement Board, such examination to be made at the place of residence of such New York Employee or other place mutually agreed upon. Should any such New York Employee refuse to submit to such medical examination, his Disability Retirement Income shall be discontinued until his withdrawal of such refusal. Should his refusal continue for a year, all rights in and to the Disability Retirement Income shall cease and the election of an optional benefit, if one has been elected, shall be of no further effect. In the event a New York Employee's Disability Retirement Income is discontinued in accordance with this Section (I)(F)(4)(a), such New York Employee shall:
  - (i) be eligible to earn Accredited Service if he is reemployed by an Employing Company and thereafter be subject to the provisions of Section (I)(E), or
  - (ii) receive vested Retirement Income calculated in accordance with Section (I)(E)(3) (taking into account any Accredited Service earned after such New York Employee's initial date of disability, but prior to his Disability Retirement Date, as a result of such New York Employee satisfying the requirements for Disability Leave at any point after his initial date of disability), commencing on his Normal Retirement Date, or such earlier date as provided in Section (I)(E)(6) of this Schedule B, or if such New York Employee was at least 55 as of his Disability Retirement Date, Retirement Income calculated in accordance with Section (I)(E)(2) (taking into account any Accredited Service earned after such New York Employee's initial date of disability, but prior to his Disability Retirement Date, as a result of such Employee satisfying the requirements for Disability Leave at any point after his initial date of disability) and payable in accordance with Section (I)(E)(6).

- (b) If the Retirement Board finds from the medical examination described in subsection (a) above or otherwise determines that the disability of a New York Employee receiving a Disability Retirement Income who has not reached his Normal Retirement Date has been removed and that he has regained his earning capacity, in whole or in part, or that he is no longer in receipt of a disability benefit under the Social Security Act, his Disability Retirement Income shall be discontinued or reduced proportionately; provided that he shall be entitled to have his original Disability Retirement Income restored in whole or in part prior to his Normal Retirement Date upon the New York Employee's again, or initially, receiving a disability benefit under the Social Security Act with respect to the total incapacity which originally entitled the New York Employee to the Disability Retirement Income, or if on the basis of the certified opinions of a physician designated by the New York Employee and a physician designated by the Retirement Board (with any difference in opinion as to whether the New York Employee is totally incapacitated to be resolved by the opinion of a third physician), the Retirement Board finds that the New York Employee again meets the requirements for Disability Retirement Income. In the event the New York Employee's Disability Retirement Income is discontinued pursuant to this Section (I)(F)(4)(b) due to the fact that Employee is determined to be no longer Totally and Permanently Disabled, such New York Employee shall:
- (i) be eligible to earn Accredited Service if he is reemployed by an Employing Company and thereafter be subject to Section (I)(E), or
  - (ii) receive vested Retirement Income calculated in accordance with Section (I)(E)(3) (taking into account any Accredited Service earned after such New York Employee's initial date of disability, but prior to his Disability Retirement Date, as a result of such Employee satisfying the requirements for Disability Leave at any point after his initial date of disability), commencing on his Normal Retirement Date, or such earlier date as provided in Section (I)(E)(6) of this Schedule B, or if such New York Employee was at least age 55 as of his Disability Retirement Date, Retirement Income calculated in accordance with Section (I)(E)(2) (taking into account any Accredited Service earned after such New York Employee's initial date of disability, but prior to his Disability Retirement Date, as a result of such Employee satisfying the requirements for Disability Leave at any point after his initial date of disability) and payable in accordance with Section (I)(E)(6).
- (c) In the event a New York Employee satisfies the eligibility requirements for Disability Leave under Section 4.2 of the Plan subsequent to his Disability Retirement Date, such New York Employee may make a one-time election to discontinue his Disability Retirement Income and begin Disability Leave, provided such Disability Leave shall commence on the date following the date his Disability Retirement Income ceases and continue in accordance with the provisions of Section 4.2 of the Plan.



- (d) In the event that such New York Employee's Disability Retirement Income is not discontinued as provided in subsections (a), (b) and (c) above and he is not restored to service as an Employee, he shall be entitled to receive a vested Retirement Income on his Normal Retirement Date calculated in accordance with (I)(E)(1) of this Schedule B (taking into account any Accredited Service earned after such New York Employee's initial date of disability, but prior to his Disability Retirement Date, as a result of such Employee satisfying the requirements for Disability Leave at any point after his initial date of disability).

**G. Surviving Spouse Death Benefit**

1. Notwithstanding any other provision of the Plan, upon the death of a New York Employee who is in active service and who has completed five (5) years of Accredited Service or who has attained his Normal Retirement Date, a death benefit shall be payable to his surviving spouse hereunder; provided, however, that the benefit described herein applies only if the New York Employee dies before his Annuity Starting Date. No benefit shall be payable under this Section if the New York Employee was not legally married to the surviving spouse for the twelve-month period ending on the date of his death.
2. The amount payable to a surviving spouse under Section (I)(G)(1) of this Schedule B shall be equal to fifty percent (50%) of the Retirement Income otherwise payable to the New York Employee (including the additional two (2) year benefit) as of the first day of the month first following or coincident with the date of the New York Employee's death. The amount payable to the surviving spouse shall be reduced by one percent (1%) for each full year in excess of two (2) years by which the New York Employee's age exceeds the age of the surviving spouse and shall be actuarially adjusted in the event the commencement of such benefit is deferred.
3. Unless the election provided in Section (I)(G)(6) of this Schedule B is in effect, in the event of the death of a married Terminated New York Employee prior to the Annuity Starting Date applicable to his Retirement Income, there shall be payable to the Terminated New York Employee's surviving spouse a Terminated New York Employee spouse's Retirement Income, provided the Terminated New York Employee and such spouse have been married throughout the one-year period ending on the date of the Terminated New York Employee's death. The benefit payable hereunder shall be payable to the surviving spouse as of the first day of the month first following or coincident with the date that the Terminated New York Employee would have attained age sixty-five (65) and shall be payable for the life of the surviving spouse. If, however, the Terminated New York Employee dies after completing at least ten (10) years of Accredited Service, the surviving spouse may elect to begin receiving such benefit as of the first day of the month first following or coincident with the later of the date of the Terminated New York Employee's death or the date that the Terminated New York Employee would have attained age fifty-five (55). The Terminated New York Employee spouse's Retirement Income shall be paid monthly until the last monthly payment prior to the spouse's death. The Terminated New York Employee spouse's Retirement Income is computed in accordance with Section (I)(G)(4) of this Schedule B.

4. The Terminated New York Employee spouse's Retirement Income payable in accordance with Section (I)(G)(3) of this Schedule B shall be equal to the spouse's portion of the option described in Section (I)(H)(2)(b) of this Schedule B, computed as provided in Section (I)(E)(3) of this Schedule B, with such amount being further reduced for each year from termination of employment to the date of death during which the Terminated New York Employee is covered by the Terminated New York Employee spouse's Retirement Income protection determined on the same basis as in Section (I)(G)(5) of this Schedule B. The amount of reduction for each year's coverage shall be set forth in Addendum 1 to this Schedule B.
5. Upon commencement of payment, the Terminated New York Employee's Retirement Income payable to a Vested Member under Section (I)(E)(3) of this Schedule B shall also be reduced for each year the Terminated New York Employee is covered by the Terminated New York Employee spouse's Retirement Income protection during the period from termination of employment (or, if later, from the time that the Terminated New York Employee has been given notice of his right to waive the Terminated New York Employee spouse's Allowance) to the date the Terminated New York Employee's Retirement Income payments commence. The amount of reduction for each year's coverage shall be set forth in Addendum 1 to this Schedule B.
6. A Terminated New York Employee may elect at any time on or after termination of employment to waive coverage for the Terminated New York Employee spouse's Retirement Income and thereby avoid the reductions imposed for coverage for the Terminated New York Employee spouse's Retirement Income protection. The election to waive coverage must be made by delivery of a properly completed written notice of such election to the Retirement Board. Such election must be in the form prescribed by the Retirement Board, or acceptable to it, and shall only be effective upon filing with the Retirement Board and acknowledgment of receipt. Unless it is established to the satisfaction of the Retirement Board that such consent cannot be obtained because there is no spouse, the spouse cannot be located, or there exist such other reasons as may be prescribed in regulations of the Secretary of the Treasury, such election, in order to be valid, must have the signed written consent of the Terminated New York Employee's spouse to the waiver of the Terminated New York Employee spouse's Retirement Income coverage, and such consent must specifically acknowledge the effect of the waiver election as well as the designation of someone other than his spouse as beneficiary. The spouse's signature to such consent and acknowledgment must be witnessed by a member of the Retirement Board or a Retirement Board delegate, or must be notarized by a notary public. Any consent by a spouse (or establishment that the spouse's consent cannot be obtained) shall be effective only with respect to such spouse.

Any such waiver election may be revoked by written notice of the Terminated New York Employee delivered to the Retirement Board prior to the Terminated New York Employee's death. In such case, the coverage for the Terminated New York Employee spouse's Retirement Income protection shall again be effective upon filing of the written revocation notice with the Retirement Board and acknowledgment of receipt. Thereafter, additional elections to waive coverage

may be made as described above, and similar revocations of such elections may be made.

In all cases, the elections to waive coverage and the revocations of such elections shall be prospective only, effective upon filing with the Retirement Board and acknowledgment of receipt.

The Retirement Board shall give each Terminated New York Employee a written notice explaining (1) the Terminated New York Employee spouse's Retirement Income provisions, (2) the financial effect thereof and the Terminated New York Employee's right to elect to waive such coverage, (3) the necessity of the spouse's consent and acknowledgment in order to validate the Terminated New York Employee's election, and (4) the right of the Terminated New York Employee to make, and the effect of, a revocation of the waiver of the Terminated New York Employee spouse's Retirement Income. The required notice, if not provided to the Vested Member within the one (1) year prior to the Terminated New York Employee's date of termination of employment, shall be provided to the Terminated New York Employee during the one (1) year period following such date of termination.

7. In the event of the death of a Terminated New York Employee while coverage for the spouse's Retirement Income is not in effect, no spouse's Retirement Income shall be payable with respect to such Terminated New York Employee. In the event of the death of a Terminated New York Employee prior to the Annuity Starting Date with respect to the Terminated New York Employee's Retirement Income and while coverage for the Terminated New York Employee spouse's Retirement Income is not in effect or is waived, no Allowance shall be payable with respect to such Terminated New York Employee.
8. In the event a married New York Employee who has retirement under Section (I)(E)(1) or (2) or Section (I)(F) of this Schedule B who has elected to defer commencement of his Retirement Income dies before the Annuity Starting Date with respect to such Retirement Income, there shall be payable to the New York Employee's surviving spouse a spouse's Retirement Income, provided the New York Employee and such spouse have been married throughout the one year period ending on the date of the New York Employee's death. Such spouse's Retirement Income shall be equal to the spouse's portion of the option described in Section (I)(H)(2)(b) of this Schedule B computed as though the Retirement Income had commenced in such optional form as of the first day of the month coincident with or next following the New York Employee's death. In the event a married New York Employee who has elected to defer commencement of his Retirement Income dies before the Annuity Starting Date with respect to such Retirement Income and the spouse's Retirement Income is not in effect or payable, no spouse's Retirement Income shall be payable with respect to such New York Employee.

#### **H. Forms of Benefit**

1. Notwithstanding any provisions of the Plan to the contrary, benefits are payable to New York Employees and former New York Employees only in the forms set forth in this Schedule B.
2. Normal Form of Benefit.
  - (a) Single Life Annuity. If the New York Employee is not married, the normal form of benefit shall be a single life annuity payable monthly, commencing on his Early Retirement Date, Normal Retirement Date or his Deferred Retirement Date, whichever is applicable, and terminating with the payment preceding his death.
  - (b) Spouse Joint and Survivor Benefit. If the New York Employee is married, the normal form of benefit shall be a Spouse Joint and Survivor Benefit, if such individual's spouse is living on his Annuity Starting Date, if such spouse is the same spouse to whom the Employee has been married at the time of election as described in the Plan, and if such individual has not made an election in accordance with the Plan to have his benefit paid as a single life annuity or any optional form described below.
3. Optional Forms of Benefit. Subject to the spousal consent rules set forth in the Plan, if applicable, a New York Employee who retires under the Plan may elect an optional form of benefit.
  - (a) Single Life Annuity. A New York Employee or former New York Employee may elect to receive a single life annuity payable monthly, with no benefit payable after his death.
  - (b) Fifty Percent (50%) Joint and Survivor Annuity. A New York Employee or former New York Employee may elect to receive an Actuarial Equivalent Retirement Income payable for his lifetime with provision for continuation of an amount equal to fifty-percent (50%) of such monthly benefit to be paid to his Contingent Annuitant after his death.
  - (c) Fifty Percent (50%) Joint and Survivor Annuity with Resumption Option. A New York Employee or former New York Employee may elect to receive an Actuarial Equivalent Retirement Income payable for his lifetime with provision for continuation of an amount equal to fifty-percent (50%) of such monthly benefit to be paid to his Contingent Annuitant after his death; provided, however, if the Contingent Annuitant predeceased the New York Employee or former New York Employee, the Retirement Income payable to the New York Employee or former New York Employee will increase to the Retirement Income payable as a Single Life Annuity with no further payments following the death of the New York Employee or former New York Employee.
  - (d) One Hundred Percent (100%) Joint and Survivor Annuity. A New York Employee or former New York Employee may elect to receive an Actuarial Equivalent Retirement Income payable for his lifetime with provision for

continuation of an amount equal to One Hundred percent (100%) of such monthly benefit to be paid to his Contingent Annuitant after his death.

- (e) One Hundred Percent (100%) Joint and Survivor Annuity with Resumption Option. A New York Employee or former New York Employee may elect to receive an Actuarial Equivalent Retirement Income payable for his lifetime with provision for continuation of an amount equal to one hundred percent (100%) of such monthly benefit to be paid to his Contingent Annuitant after his death; provided, however, if the Contingent Annuitant predeceased the New York Employee or former New York Employee, the Retirement Income payable to the New York Employee or former New York Employee will increase to the Retirement Income payable as a Single Life Annuity with no further payments following the death of the New York Employee or former New York Employee.

#### **I. Benefit Adjustments**

1. Beginning as of July 1 of the year for which the cumulative percentage change in the CPI-U (defined in Section (I)(I)(7) of this Schedule B) exceeds 20%, and as of each July 1 thereafter, the monthly Retirement Income then being received by a retired New York Employee shall be increased by a pension benefit adjustment ("PBA"), not less than zero, determined by multiplying:
  - (a) the gross monthly Retirement Income as of the Annuity Starting Date, by
  - (b) a percentage (rounded to the nearest 100th of a percent) equal to seventy-five percent (75%) of the cumulative percentage change in the CPI-U for the year in excess of twenty percent (20%), but not more than the applicable cumulative maximum percentage (as each is defined in Section (I)(I)(7) of this Schedule B).
2. The monthly Retirement Income then being received by a spouse (including a former spouse treated as the spouse under a qualified domestic relations order within the meaning of ERISA Section 206(d) and Code Section 414(p), unless the order provides otherwise) or a Contingent Annuitant with respect to a retired New York Employee shall be increased by a PBA, not less than zero, on July 1 of each year, beginning:
  - (a) as of the July 1 coincident with or next following the spouse's or Contingent Annuitant's Annuity Starting Date if the retired New York Employee had previously received one or more PBA's under Section (I)(I)(1) of this Schedule B, or
  - (b) as of the July 1 of the year for which the cumulative percentage change in the CPI-U first exceeds 20%.



The PBA shall be calculated by multiplying the percentage in Section of this Schedule B, determined using the deceased New York Employee's Annuity Starting Date, by the spouse's or Contingent Annuitant's gross monthly Retirement Income as of the spouse's or Contingent Annuitant's Annuity Starting Date, excluding any portion of such Income which represents PBA's to the New York Employee's Retirement Income pursuant to Section (I)(I)(1) of this Schedule B.

3. The monthly surviving spouse's Retirement Income then being received by a spouse pursuant to Section (I)(G) of this Schedule B (including a former spouse treated as the spouse under a qualified domestic relations order within the meaning of ERISA Section 206(d) and Code Section 414(p), unless the order provides otherwise) shall be increased by a PBA, not less than zero, on July 1 of the year for which the cumulative percentage change in the CPI-U exceeds 20%, and as of each July 1 thereafter. The PBA shall be calculated by multiplying the percentage in Section (I)(I)(1)(b) of this Schedule B, determined using the spouse's Annuity Starting Date, by the spouse's gross monthly Income as of the spouse's Annuity Starting Date.
4. The monthly Retirement Income then being received by an alternate payee (within the meaning of ERISA Section 206(d) and Code Section 414(p)) under a qualified domestic relations order (within the meaning of said Sections) who does not otherwise share in an increase as provided above, and is not subject to the exception in the last sentence hereof, shall be increased by a PBA, not less than zero, on each July 1 beginning:
  - (a) as of the July 1 coincident with or next following the alternate payee's Annuity Starting Date if the qualified domestic relations order is effective after the New York Employee's Annuity Starting Date and the New York Employee New York Employee had previously received one or more PBA's under Section (I)(I)(1) of this Schedule B, or
  - (b) as of the first July 1 of the year for which the cumulative percentage change in the CPI-U first exceeds 20%.

The PBA shall be calculated by multiplying the percentage in (I)(I)(1)(b) of this Schedule B, determined using the alternate payee's Annuity Starting Date if the qualified domestic relations order is effective on or before the New York Employee's Annuity Starting Date and using the New York Employee's Annuity Starting Date if the qualified domestic relations order is effective after the New York Employee's Annuity Starting Date, by the alternate payee's gross monthly Income as of the alternate payee's Annuity Starting Date, excluding any portion of such Income which represents PBA's to the New York Employee's Income pursuant to Section (I)(I)(1) of this Schedule B.



5. For purposes of applying the Optional Forms of Benefit with Resumption Options, such increase, if made on a date other than a July 1, shall include the PBA which would have applied under Section (I)(I)(1) of this Schedule B if the retired New York Employee or vested New York Employee had been receiving the Retirement Income as a Life Annuity as of the immediately preceding July 1.
6. A retired New York Employee (including a New York Employee who remains in service with an Employing Company but has commenced his Retirement Income because of attainment of age 70-1/2) or vested New York Employee shall be considered, for purposes of this Section (I)(I) of this Schedule B only, to have multiple Annuity Starting Dates if the Retirement Income as of the Annuity Starting Date is adjusted thereafter as a result of future Earnings and Accredited Service. The initial Annuity Starting Date, which is the date as of which a Retirement Income first begins to the retired or vested New York Employee from the Plan, shall apply to the portion of the Retirement Income attributable to Earnings and Accredited Service prior to such initial Annuity Starting Date. Thereafter, each subsequent date as of which a Retirement Income is adjusted after the initial Annuity Starting Date by reason of Earnings or Accredited Service thereafter shall be considered, for purposes of this Section (I)(I) of this Schedule B only, as the Annuity Starting Date with respect to the portion of the Retirement Income attributable to Earnings and Accredited Service since the previous Annuity Starting Date.
7. The terms specified below which are used in this Section (I)(I) of this Schedule shall have the meanings set forth below, unless the context clearly dictates another meaning.
  - (a) "CPI-U" means the annual average figure under the Consumer Price Index for All Urban Consumers, U.S. City Average of All Items (1982-1984=100), or its successor, as published by the United States Bureau of Labor Statistics.
  - (b) "cumulative percentage change in the CPI-U" for a year is calculated by dividing the difference between the CPI-U for the prior year and the CPI-U for the year prior to the year in which the applicable Annuity Starting Date occurred by the CPI-U for the year prior to the year in which the Annuity Starting Date occurred, and rounding to the nearest 100th of a percent.
  - (c) "cumulative maximum percentage" for purposes of Sections (I)(I)(1) and (3), Section (I)(I)(2) of this Schedule B if the related New York Employee had not previously received any PBA under Section (I)(I)(1) and Section (I)(I)(4) if the alternate payee's Annuity Starting Date is used to determine the PBA, is 3% for the first year in which a PBA is made under this Section (I)(I) of this Schedule B and for each succeeding year is 3% plus 103% of the prior year's cumulative maximum percentage, rounded to the nearest

100th of a percent (e.g., 3% for the first year, 6.09% for the second year, 9.27% for the third year). For purposes of Section (I)(I)(2) of this Schedule B if the related New York Employee had previously received a PBA under Sections (I)(I)(1) and (2) if the New York Employee's Annuity Starting Date is used to determine the PBA the maximum for the first year is 3% plus 103% of the prior year's cumulative maximum percentage applicable to the New York Employee, rounded to the nearest 100th of a percent, and for each succeeding year is 3% plus 103% of the prior year's cumulative maximum percentage, rounded to the nearest 100th of a percent.

8. Addendum 3 to this Schedule B contains sample illustrations which are intended solely to aid in the interpretation and application of the provisions of this Section (I)(I) of this Schedule B.

## **II. New York Employees Hired or Rehired After June 1, 2000.**

### **A. Definitions**

1. "New York Employee" means each Employee of an Employing Company who is or was located at Mirant New York and who is or was a collective bargaining unit New York Employee of Local 503 and who is eligible to participate in the Plan in accordance with Section (II)(B).
2. "Previously Employed New York Employee" means each New York Employee who (1) was previously employed by an Employing Company and became entitled to receive Retirement Income in accordance with Section (I)(E) (2) or (3) as a result of such employment, and (2) was reemployed by an Employing Company on or after June 1, 2000.

### **B. Eligibility**

1. Each New York Employee hired or rehired after June 1, 2000 shall become a participant in the Plan on the first day of the month next following the date on which he first completes one Eligibility Year of Service and shall be covered by this Section (II).

### **C. Retirement Income**

1. Subject to the limitations in Article VI, the monthly Retirement Income payable as a single life annuity to a New York Employee (or his Provisional Payee) included in the Plan who retires from the service of an Employing Company at his Normal Retirement Date or Deferred Retirement Date (before adjustment for a Provisional Payee designation, if any) shall be the greater of:

- (a) 1.0% of his Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service to his Normal Retirement Date or Deferred Retirement Date; or
  - (b) \$25 multiplied by his years (and fraction of a year) of Accredited Service to the date he separates from employment with an Employing Company.
- 2. The monthly Retirement Income payable to a New York Employee (or his Provisional Payee), if he retires on his Early Retirement Date, or if his service is terminated by reason of death or otherwise prior to retirement, is determined as follows:
  - (a) Upon retirement at Early Retirement Date, his Retirement Income (before adjustment for Provisional Payee designation, if any) shall be calculated in the same manner as the Retirement Income described in Section (II)(C)(1) of this Schedule B, except that subsection (II)(C)(1)(a) shall be replaced with an amount equal to 1.0% of his Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service earned as of his Early Retirement Date.
  - (b) Upon termination of service by reason of the death of the Employee prior to retirement and after the effective date of his Provisional Payee designation or deemed designation, the Retirement Income shall be calculated in the same manner as the Retirement Income described in Section (II)(C)(1) of this Schedule B, except that subsection (II)(C)(1)(a) shall be replaced with an amount equal to 1.0% of the Employee's Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service earned to the date of his death.
  - (c) For a New York Employee entitled to receive Retirement Income under Section 8.1 of the Plan that terminates service with an Employing Company, his Retirement Income (before adjustment for Provisional Payee designation, if any) shall be calculated in the same manner as the Retirement Income described in Section (II)(C)(1) of this Schedule B, except that subsection (II)(C)(1)(a) shall be replaced with an amount equal to 1.0% of his Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service to his date of termination.
  - (d) For a New York Employee terminating service because of a disability (as defined in Section 4.2) prior to retirement, provided such New York Employee does not return to the service of an Employing Company prior to his Retirement Date or receive Disability Retirement Income, his Retirement Income shall be calculated in the same manner as the Retirement Income described in Section (II)(C)(1) of this Schedule B, except that subsection (II)(C)(1)(a) shall be replaced with an amount equal to 1.0% of the Employee's

Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service to his Retirement Date.

**D. Retirement Income of Previously Employed New York Employees**

**1. Benefit at Normal Retirement Date.**

Subject to the limitations in Article VI, the monthly Retirement Income payable as a single life annuity to a Previously Employed New York Employee who retires at his Normal Retirement Date, shall be equal to the sum of:

- (a) the Retirement Income accrued by such Previously Employed New York Employee under Section (I)(E) (2) or (3) of this Schedule B as of his prior termination date, and
- (b) the greater of:
  - (i) 1.0% of his Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service for periods beginning after his rehire date to his Normal Retirement Date or his Deferred Retirement Date; or
  - (ii) \$25 multiplied by his years (and fraction of a year) of Accredited Service for periods beginning after his rehire date to the date he separates from employment with an Employing Company.

**2. Benefit at Early Retirement Date or upon Termination of Service.**

The monthly Retirement Income payable to a Previously Employed New York Employee (or his Provisional Payee), if he retires on his Early Retirement Date, or if his service is terminated by reason of death or otherwise prior to retirement, is determined as follows:

- (a) Upon retirement at Early Retirement Date, his Retirement Income (before adjustment for Provisional Payee designation, if any) shall be calculated in the same manner as the Retirement Income described in Section (II)(D)(1) of this Schedule B, except that subsection (II)(D)(1)(b)(i) shall be replaced with an amount equal to 1.0% of his Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service earned from his rehire date until his Early Retirement Date.
- (b) Upon termination of service by reason of the death of the Previously Employed New York Employee prior to retirement and after the effective date of his Provisional Payee designation or deemed designation, his Retirement Income shall be calculated in the same manner as the Retirement Income described in

Section (II)(D)(1) of this Schedule B, except that subsection (II)(D)(1)(b)(i) shall be replaced with an amount equal to 1.0% of the Previously Employed New York Employee's Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service earned from his rehire date until the date of his death.

- (c) For a Previously Employed New York Employee entitled to receive Retirement Income under Section 8.1 of the Plan that terminates service with an Employing Company, his Retirement Income (before adjustment for Provisional Payee designation, if any) shall be calculated in the same manner as the Retirement Income described in Section (II)(D)(1) of this Schedule B, except that subsection (II)(D)(1)(b)(i) shall be replaced with an amount equal to 1.0% of his Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service from his rehire date to his date of termination.
- (d) For a Previously Employed New York Employee terminating service because of a disability (as defined in Section 4.2 of the Plan) prior to retirement, provided such Previously Employed New York Employee does not return to the service of an Employing Company prior to his Retirement Date or receive Disability Retirement Income, his Retirement Income shall be calculated in the same manner as the Retirement Income described in Section (II)(D)(1) of this Schedule B, except that subsection (II)(D)(1)(b)(i) shall be replaced with an amount equal to 1.0% of the Employee's Average Monthly Earnings multiplied by his years (and fraction of a year) of Accredited Service from his rehire date to his Retirement Date.

**E. Terms**

- 1. The terms of the Plan that are not inconsistent with the terms of this Section (II) of this Schedule B shall apply to those New York Employees described in Section (II)(B).